

Internal Control Procedures for Maintenance of FINET and Federal
Financial Records

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Department of Human Services
Internal Control Procedures for Maintenance of FINET
and Federal Financial Records

Retention Procedures for FINET Accounting System documents and related Financial
Federal Reports.

I. Files:

A. Documents. The individual Divisions/Offices within the Department of Human
Services will maintain the following documents and the supporting documentation:
(FINET or Federal Financial Documents which are not identified below shall be filed
and retained for a sensible period of time based on the judgement of the initiating
Division/Office.)

1. Cash Receipts (CR)
2. Grants -Federal Aid Master (FM)
3. P1, payment process which could involve
 - a. PO/P1/PV
 - b. RX/PC/VI/AV
 - c. PG/VI/AV
4. Revenue Budgets (RB)
5. Inter-Agency Transactions (IAT) those initiated by the Department
6. Employee/Travel Reimbursements (ER) those processed by the Department
7. Journal Vouchers (JV)
8. Financial Federal Reports
9. Other

B. Procedures: Divisions/Offices must keep all supporting information relating to each document in their files. The following are examples of information items that are needed for each type of file and the appropriate retention period.

1. Cash Receipts: Documentation should include pre-numbered, hand written receipts or receipt issued from a cash register or other automated receipting functions; cash receipt transaction cover sheets; bank-validated deposit slips; copies of bank statements; copies of FINET Bank Reconciliation Report, form FI 616; and copies of Depository Bank Account Reconciliation, form FI 57. This documentation must be retained for five years on site then destroyed provided all on-going audits have been completed.
2. Grants-Federal Aid Master (FM): Reports and supporting documentation used to report and monitor money drawn from federal grants and the disbursement to the divisions. Copy of the report sent to the federal government concerning the distribution of the funds, quarterly cost allocation, deposit transmittals, and cash status reports, award letters, letters of credit. These should be retained for 8 years after the end of the fiscal year but can be archived after 3 years.
3. Vendor Payment Vouchers, (P1, PV): Documentation should include the original invoice and other original information showing exactly what items were purchased, the unit cost of each item, what services were performed, and the dates the service was performed. Additional documentation that must be maintained with the Vendor Payment Vouchers is the documentation to support that proper purchasing requirements were followed such as quotation sheets and sole source authorization documents. These documents should be retained for 7 years after the end of the fiscal year but can be archived after 2 years.
4. Revenue Budgets (RB): As considered necessary and appropriate, documentation should include supporting information such as a Grant Award which support the RB transaction. The RB documentation may be destroyed at the end of the fiscal year closeout.
5. Inter-Agency Transactions (IAT): Seller agencies must maintain the files and supporting documentation that were used to justify the billing of the (IAT). The documents should be retained for 7 years after the end of the fiscal year, but can be archived after 2 years.
6. Employee Reimbursement: Documentation should include the following if applicable: telephone bills, tuition receipt, report card, education contract agreement, in state travel advance schedule of destination, overtime meal allowance record dates, employee moving expense worksheet, relocation bids, receipts, and letter of payback, registration receipt, commute fringe travel days and approval number from approved MP-2, in state and out of state travel advance calculations and dates of travel, service awards, hotel bill, conference registration, airline passenger coupon, itinerary, parking receipt, receipts for individual incidental travel expenses, taxi charges, schedules of incidental transportation and

parking charges, personal phone bill or lodging receipt showing charges for personal phone calls, properly approved Request for Out of State Travel Authorization form FI-5, copy of completed FI-48 or FI-51A.

A copy of the screen print showing the accepted ER transaction along with supporting documentation should be retained 7 years after the end of the fiscal year but can be archived after 3 years.

7. Journal Vouchers (JV): Documentation should include copies of worksheets sent to State Finance and supporting documentation and reports used to compile information such as check/warrant stale dated report, cancel report, void register for voids, void register for stop payments. These are filed by date and retained in the agency for 3 years after the end of the fiscal year.
8. Financial Federal Reports: Documentation of required reports of expenditures used to generate the amount of match money or draws the Department or Division is requesting for various human services programs from the federal government and the State. This includes title, amendment number, grant number, date, award notice, amount and type of money, classification of the program, allocations, revisions, budget summaries, and ledger sheets. These are retained in the agency for 7 years after date of the final expenditure report and then destroyed.
9. Other FINET reports that report accounting information contained in the state accounting system will be retained on microfiche for five years. State Finance retains the microfiche for seven years.

II. File Maintenance

- A. Responsibility: The safekeeping of these documents will be the responsibility of the Division/Office initiating the document into FINET.
- B. Location: All original documents with supporting documentation will be filed in a secured file area in the originating office. See section E. below for filing strategy regarding ER transactions.
- C. Document Access: Only authorized staff may have access to filed documents. If FINET documents must be pulled for purposes such as an audit, a copy of the first page of the original transaction documents should be made and filed in the originating office until the original documents are returned. The first page copy should contain at least the transaction ID, date, payee, and amount as applicable (the FI 50 form shows the required information). Additionally, the name and date for whom the transaction was pulled should be written on the copy. For pulling federal financial documents, reasonable procedures should be performed such as using a log or "replacement sheet" which help reduce the risk of losing or misplacing the documents. Copies of original documents shall be stamped "copy".
- D. Cancellation of Documents: Supporting payment documents should be stamped paid by the agency to prevent their reuse.
- E. Filing Strategy: PIs should be filed in an alpha file by vendor chronologically or numerically. Other documents should be filed chronologically or numerically.